

Factors of the attractiveness of Slovak wine market and their influence on the Czech wine export to Slovakia

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Abstract: The contribution follows the development of Czech wine exports to Slovakia, depending on the development of the wine industry attractiveness in Slovakia. Wine export from the Czech Republic to Slovakia in the terms of volume and value of exports, both globally and in the division of export bulk and bottled wine, is confronted with the development of factors influencing the wine sector attractiveness in Slovakia. The Slovak wine market is a market in the phase of growth, the wine consumption per capita in 2011 reached 14.7 Lt.; the domestic production covered only 46% of the domestic consumption. The level of the industry concentration is high, the 6 largest companies produce more than 18.5 mill. Lt. of wine – 50% of the total domestic production. Wine legislation is comparable to the Czech legislation, the purchasing power of the customers shows a positive development, but the cheap table wine imports still represent more than 50% of the total domestic consumption. The opportunity for Czech exporters is the factor represented by the size and growth of the market and the legislation, too. The situation is rather more positive for the re-export of cheap wine from other countries than the direct export of Czech wine to Slovakia in case of other analyzed factors.

Key words: attractiveness, bottled wine, bulk wine, exporter, Slovak wine sector, trend

The wine sector in many European countries is the sector of great importance. The Czech Republic also belongs among these countries. Wine production in the Czech Republic has a historical tradition and an important position in the South Moravian Region (Hejmalová et al. 2011). As one of the countries of the Central and Eastern Europe, Marks (2011) even calls it a historical “cradle” of wine. Marks (2011) sees a huge potential of this region especially in the tradition of wine production and its size position in the world’s wine regions, in growing and improving of its wine industry. In the terms of the global competition, Marks describes the region of the Central and Eastern Europe as an underdeveloped “sleeping giant”.

The decisive potential in the global wine trade will, however, vary among the individual countries, also depending on the volume of production and the possibilities of its expansion.

In the Czech Republic, the wine sector is characterized by an excess of the domestic wine consumption over the domestic wine production and, in consequence of the ban of the vineyard expansion by the EU, there is no possibility to increase the production volume and thus to cover this production/consumption gap from its own resources. However, it does not mean that the Czech Republic should, in this

situation in the wine market, give up the exports of the Czech wine to foreign countries, as it is evidenced by the development of the foreign trade of wine, which shows a permanently increasing trend, regarding both imports and exports, as mentioned for example by Tomšík and Sedlo (2013). The same is true in the case of other European countries. For example France, Spain and Italy are among the world’s largest wine producers, their domestic production significantly exceeds the domestic consumption, and yet we can find all three countries among the first thirty countries in the terms of the total wine imports by value (Parker 2010, 2013). A similar case as the Czech Republic is also seen in Germany. There is also an excess of the domestic consumption over the domestic wine production in Germany, and yet in the terms of the export value of wine, it is even in the 7th place in the world, as shown in the report of Parker (2013).

Sutanonpaiboon and Atkin (2012) examined the buying behaviour of consumers in the wine market in Australia, New Zealand and the USA and described that the consumers are interested in new wines, which is certainly also one of the reasons why the countries import and export wine, though their domestic production and consumption is unbalanced.

In addition, there is an intensive competition in the Czech wine market, which was examined and evaluated by Šperková and Hejmalová (2012). The first ten leading companies control 84% of the market and each company tries to use all of its tangible and intangible resources in order to expand its market share and to attract new clients. One possibility also is to orient on the international wine market.

In the terms of wine export, Slovakia is the largest trading partner of the Czech Republic, as much as 90% of the Czech wine export volume goes to Slovakia (Chládková et al. 2012). However, Tomšík and Sedlo (2013) concluded that the wine export does not depend on the volume of the domestic production and it is steadily increasing, from which it is evident that all the exported wine cannot come from the Czech Republic, but it is largely a re-export.

What causes this permanent increase of the wine export to Slovakia? Are there any conditions in the Slovak wine market, which support these wine exports?

The aim of this paper is to evaluate the relation between the development of wine export from the Czech Republic to Slovakia and the development of factors influencing the attractiveness of the Slovak wine market. The work captures the trends in the wine sector in Slovakia and provides an overview of this sector in the terms of a Czech exporter of wine and his/her opportunities in this market.

MATERIAL AND METHODS

The starting point for the industry analysis is the Porter's (1998) definition, which defines the industry as the group of firms producing products that are closely interchangeable. The industry is a basic area where the competition is manifested.

To assess of the industry attractiveness and to define the factors for its evaluation, there are possible several approaches. The authors differ in the list of factors for the attractiveness evaluation which they consider to be important. For example, the access of Sedláčková (2000) is often used. Tichá (2002) or Synek (2001) present other groups of factors. Shrivastava (1994) and Higgins and Vincze (1989) divide the factors of attractiveness into five areas. Hofer and Schendel (1978) evaluate the attractiveness by using a table with the use of scales and on the condition of already established criteria of attractiveness. The attractiveness in the wine sector in the Czech Republic was evaluated by Hejmalová and Šperková (2011), and also by Tomšík and Žufan (2004). The analysis

of the selected indicators of viticulture and wine production sector in Slovakia was solved by Nagyová and Dobák (2007). Šperková and Duda (2008) dealt with the foreign trade of wine and the prediction of its development using different methods.

The methodology by Sedláčková (2000) is partially applied together with the recommendations of Tomšík and Žufan (2004) for this work. Based on this combination, the following factors were selected for the evaluation of the attractiveness of the Slovak wine market:

- market size, the expected market growth and the stability of demand,
- industry structure, competitive structure,
- profitability of the industry,
- legislation,
- purchasing power of customers.

The analysis uses a comparative method – comparing objects to determine their identical or different characteristics, and the statistical time series analysis. As the time series, we understand a sequence of the values of indicators measured at certain time intervals. These intervals are generally equalled (equidistant) and therefore it can be written as follows:

$$y_1, y_2, \dots, y_n \text{ or } y_t, t = 1, \dots, n$$

where y is the analyzed indicator, t is the time variable with the total number of observations n (Hanlová and Tvrđý 2003).

The statistical examination of the time series is carried out using the trend analysis, as the basic development tendencies of time series. The trend in the time series can be described by trendy functions and moving averages. Modelling of the trends using the trend functions is used when the trend corresponds to a particular function, e.g. linear, quadratic, exponential, S-curves, etc. Modelling of the trends using the moving averages is used if the development of the time series due to the strong influence of the unsystematic component is uneven or it has the extreme values (Hanlová and Tvrđý 2003).

For the development prediction of the analyzed values, there are used the linear and polynomial trends worked in the MS EXCEL in the paper.

Profitability of the industry is evaluated by the comparison of the consumer's prices of wine in the Slovak market, the producer's prices of wine in Slovakia, the Czech wine export's prices and the producer's price of wine in the Czech Republic. The purchasing power of customers is assessed on the basis of the development of the average gross monthly wages and of the development of unemployment in Slovakia.

Table 1. Development of Czech wine export – total and to Slovakia in 1998–2011 (mill. Lt.)

Indicator	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Index 2011/1998
Total export	1.2	1.37	3	1.7	2.3	1.9	3.7	2.8	4.7	8.5	17.9	18.5	14.4	25.2	21
Export to Slovakia	0.35	0.5	1.65	0.87	1.41	1.48	3.31	2.59	3.9	7.85	16.9	16.8	13.1	23.5	66.2

Source: Situation and Perspective Bulletin for the commodity wine 2012, 2009, 2006, 2003, 2000

The development is evaluated from 1998 to 2011. Because of the need to compare the development of the exports of wine and the development of the selected factors of attractiveness, the data in calendar years are used for comparison.

The average annual exchange rates reported by the Czech National Bank are used for the conversion of CZK to Euro. Regarding the Slovakia membership in the European Monetary Union since 1st of January 2009, the current exchange rate of 30 SKK per 1 Euro is chosen for the conversion of SKK to Euro in all years. For comparability, the data of the year 1998 in some of the analyzed variables are also converted into Euro; in this case the conversion is performed at the exchange rate of 1999.

The information for the analysis are taken from the Czech and Slovak Situation and Perspective Bulletin for the Commodity – Wine, from the information of the Czech and Slovak Wine Producers Union, from the Economic Club of Slovakia, from the Ministry of Agriculture of the Czech Republic and of the Slovakia, the Research Institute of Agricultural Economics, from the State Agricultural Intervention Fund and

the Czech and Slovak Statistical Office published on the website, and diploma theses of Šimoníková (2004) and Hlavinková (2013).

RESULTS AND DISCUSSION

Wine export from the Czech Republic to Slovakia

The total exports of wine from the Czech Republic, despite the uneven balance between production and consumption and the excess of domestic consumption over domestic production, is steadily increasing. In the monitored years 1998–2011, the volume of total exports increased from 1.2 mill. Lt. in 1998 to 25.2 mill. Lt. in 2011. In the case of wine exports to Slovakia, the index 2011/1998 reached the value of 66.2, and in 2011 23.5 mill. Lt. of wines were exported to Slovakia (Table 1).

Figure 1 and Figure 2 describe the trends in the development of the total exports and wine exports to Slovakia in the terms of volume and value in the monitored years.

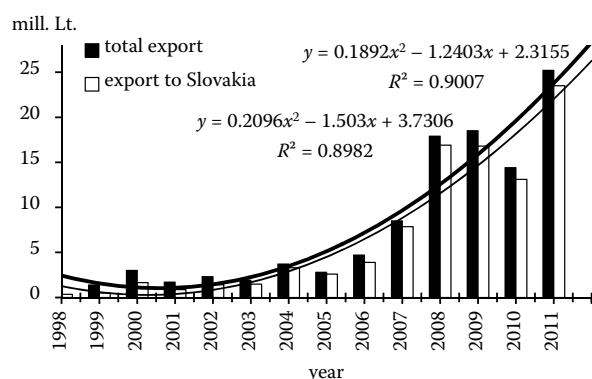


Figure 1. Development trend of the total wine export from the Czech Republic and wine export to Slovakia in mill. Lt.

Source: Situation and Perspective Bulletin for the Commodity Wine 2012, 2009, 2006, 2003, 2000, own calculations

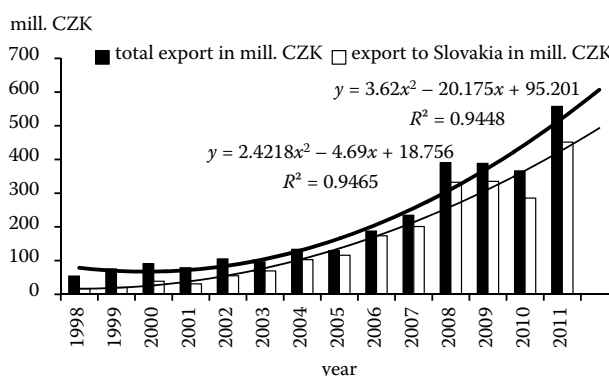


Figure 2. Development trend of the total wine export from the Czech Republic and wine export to Slovakia in mill. CZK

Source: Situation and Perspective Bulletin for the Commodity Wine 2012, 2009, 2006, 2003, 2000, own calculations

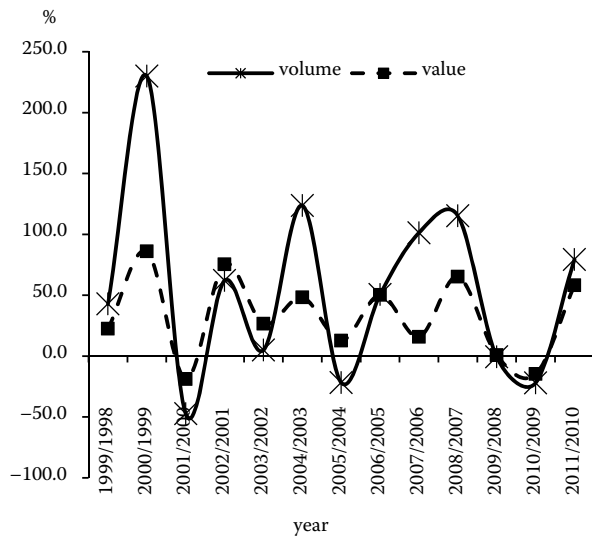


Figure 3. Year changes of the value and volume of wine export to Slovakia in %

Source: Situation and Perspective Bulletin for the Commodity Wine 2012, 2009, 2006, 2003, 2000, own calculations

The trend of development of the volume of wine exports to Slovakia expresses the quadratic function $y = 0.189x^2 - 1.240x + 2.315$ at a relatively high reliability coefficient $R^2 = 0.900$. This trend basically follows the trend of the total wine exports ($y = 0.209x^2 - 1.503x + 3.730$, $R^2 = 0.898$). Both trends are increasing, although in the years 2001, 2003, 2010 and in the total wine exports in 2005, the volume of exported wine decreased compared to the previous year.

The development of the value of total wine exports and the value of wine exports to Slovakia shows a

similar progress. Again, both trends can be described using quadratic functions with a high reliability coefficient – $R^2 = 0.944$ for the development of the total value of wine exports and $R^2 = 0.946$ for the development of the value of wine exports to Slovakia.

Fluctuations in the value of wine exports to Slovakia in the monitored period were lower than in the case of the volume of wine exports to Slovakia. The decrease in the value of wine exports was seen only in 2001 and 2010. In 2005, although the volume of wine exports to Slovakia decreased by 21.8% compared to 2004, the value of wine exports increased by 12.7%. Overall, however, the value of wine exports to Slovakia is growing year-on-year more slowly than the volume of wine exports. The exception are the years 2001–2003 and 2005. Also the year 2010, when there has been a decline in both the value and volume over the previous year, but the decrease in the value was lower than the decrease in the volume.

The annual change in the value and volume of wine exports to Slovakia is described by Figure 3.

Concerning the structure of wine exports to Slovakia, the negative trend of a significant increase in the volume of the bulk wine exports can be observed. The trend can be described by the quadratic function $y = 0.162x^2 - 1.403x + 2.293$ with the coefficient of reliability $R^2 = 0.810$. Since 2008, the volume of the bulk wine exported to Slovakia markedly exceeded the volume of the bottled wine exports. The trend of development of the volume exports of the bottled wine to Slovakia can be described using the linear function $y = 0.573x - 1.212$ with the coefficient of reliability 0.947 in the monitored years.

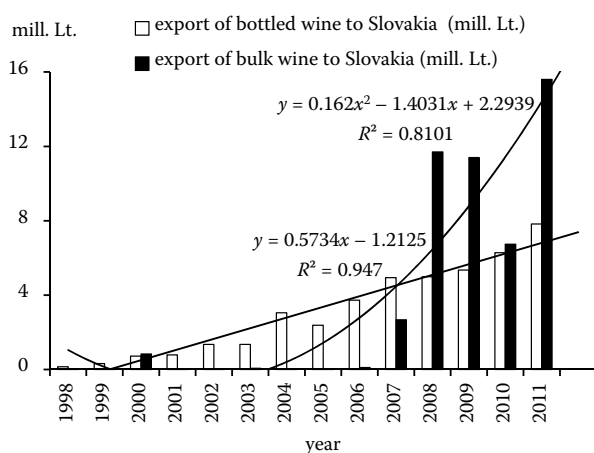


Figure 4. Development and trends of the bulk and bottled wine export from the Czech Republic to Slovakia in mill. Lt.

Source: Situation and Perspective Bulletin for the Commodity Wine 2012, 2009, 2006, 2003, 2000, own calculations

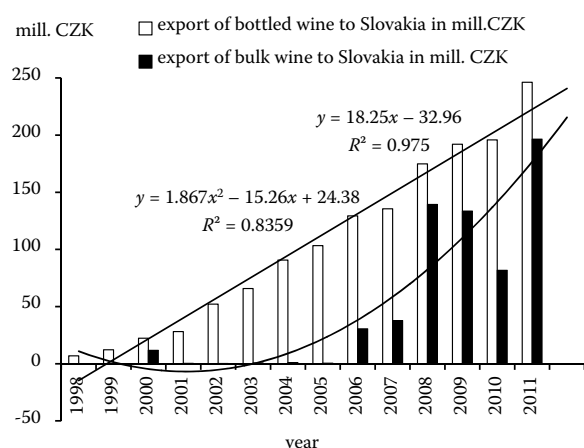


Figure 5. Development and trends of the bulk and bottled wine export from the Czech Republic to Slovakia in mill. CZK

Source: Situation and Perspective Bulletin for the Commodity Wine 2012, 2009, 2006, 2003, 2000, own calculations

A similar situation is also in the case of the development of the value of bottled and bulk wine exports to Slovakia; although in the case of value, the growth in the bulk wine is not so progressive. The relevant quadratic function has the equation $y = 1.867x^2 - 15.26x + 24.38$, $R^2 = 0.835$. On the contrary, the linear function describing the trend in the value of the bottled wine is steeper with the directive 18.25 and a high reliability coefficient $R^2 = 0.975$. Figure 4 and 5 describe the situation.

Factors of attractiveness of Slovak wine market

Market size, expected market growth, stability of demand

The total domestic wine consumption in Slovakia amounted to 80 mill. Lt. in 2011. It ranks the Slovak wine market to the smaller European markets. For comparison, in France the total domestic consumption is nearly 3000 mill. Lt., in Germany 2000 mill. Lt., in the Czech Republic 200 mill. Lt.

A positive fact, which, however, increases the attractiveness of the Slovak wine market for exports, is the increasing trend of the total domestic consumption since 2004. After nearly 20% decline in 1998–2004, the domestic consumption is gradually increasing. In 2011, the increase in the total domestic consumption compared to the year 1998 was 17%, since the recovery of the market in 2004 the growth was by 44%.

Further, it is the disproportion between the domestic wine consumption and domestic wine production in

Slovakia. The domestic wine production is not able to cover the total domestic wine consumption similar as in the Czech Republic or Germany. In 2011, the domestic wine production reached only 46% of the domestic wine demand.

The development and trends of the total domestic consumption and the total domestic production of wine in Slovakia in the monitored years is described by Figure 6. The development trend of the total Slovak wine consumption is characterized by the quadratic function $y = 0.408x^2 - 5.158x + 72.76$, at the reliability coefficient $R^2 = 0.87$. The domestic wine production in the particular years fluctuated according to the size of the harvest of grapes and thus also the trend of development presented in Figure 6 has a low reliability coefficient of only $R^2 = 0.348$. Since 2004, however, the increasing gap between the domestic wine production and the domestic wine consumption occurs as a result of increasing of the total wine consumption and a not too favourable development of the domestic wine production. Based on the comparison with the development trends of wine exports to Slovakia (see Figure 1–4), there can be also observed a more progressive growth since 2004.

Positive in the terms of attractiveness of the Slovak wine market is also the development and value of the average annual wine consumption per inhabitant, which increases similarly to the total domestic wine consumption since 2005. The level achieved in 2011 (14.7 Lt. per inhabitant) also does not reach the EU average, which is approximately 33 Lt. per inhabitant, thus adding a further growth potential to the wine market in Slovakia (Figure 7).

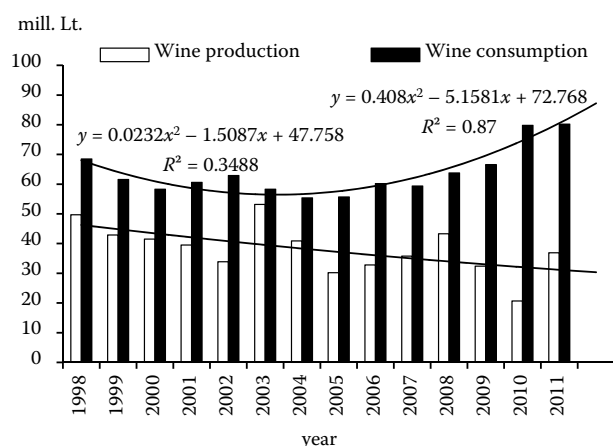


Figure 6. Development and trends of the total wine production and wine consumption in Slovakia in 1998 – 2011 (mill. Lt.)

Source: Situation and Perspective Bulletin for the Commodity Wine in Slovakia 2012, 2009, 2006, 2003, 2000

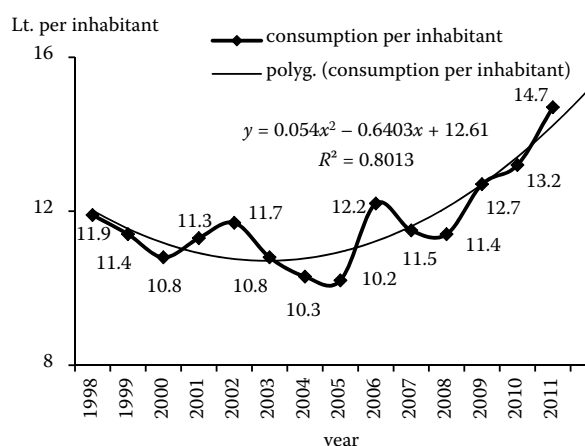


Figure 7. Development trend of the average year wine consumption in Slovakia (litres per inhabitant)

Source: Situation and Perspective Bulletin for the Commodity Wine in Slovakia 2012, 2009, 2006, 2003, 2000, own calculations

The Slovak market size, the expected market growth and the stability of demand influence the attractiveness of the Slovak wine market with regard to the Czech exporters positively.

Industry structure, competitive structure

The competitive structure of the wine sector in Slovakia and its development is comparable to the situation and development in the Czech Republic. Like in the Czech Republic, also in Slovakia there occurs a growing concentration of the industry in the monitored years.

Currently, the industry can be described as a highly concentrated. 14 biggest wine companies, with the annual production more than 200 000 Lt., produce 80% of the total Slovak wine production.

The first 6 companies of this large group (Vino Nitra, Ltd., Vinárske závody Topoľčianky, Ltd., Villa Vino Rača, Vno Valenta, JM Vinárstvo Dolany a Pivnica Tibava, Ltd.), with the annual production more than 1 mill. Lt., together produce more than 18.5 mill. Lt. of wine per year, what is more than 50% of the total annual wine production in Slovakia.

About 200 small and medium-sized producers with the annual production into 200 000 Lt. of wine represent the second group of companies in the in-

dustry. This group produces the remaining 20% of the domestic production.

The attractiveness of the Slovak market from the point of view of Czech wine exporters to Slovakia in the terms of the above described level of the industry concentration will depend on the type and the size of the exporter that wants to enter the Slovak market. The large companies with a dominant position in the market determine the main strategic guidelines in the industry; smaller wine-growers focus on the regional market and have a closer contact with the customers.

It is not possible to state a direct relation between the development of the Czech wine exports to Slovakia in the monitored years and the development of the wine sector structure in Slovakia.

Industry profitability

The monitored consumer's prices of Slovak wine grow in the analyzed period. The trend of development can be described by the linear function $y = 0.084x + 1.238$, with the coefficient of reliability $R^2 = 0.934$. Figure 8 shows the difference between the consumer's prices and producer's prices of wine in Slovakia as well as between the Czech export's prices of the bottled and bulk wine.

There is a positive difference in terms of profitability between those prices. All observed prices are

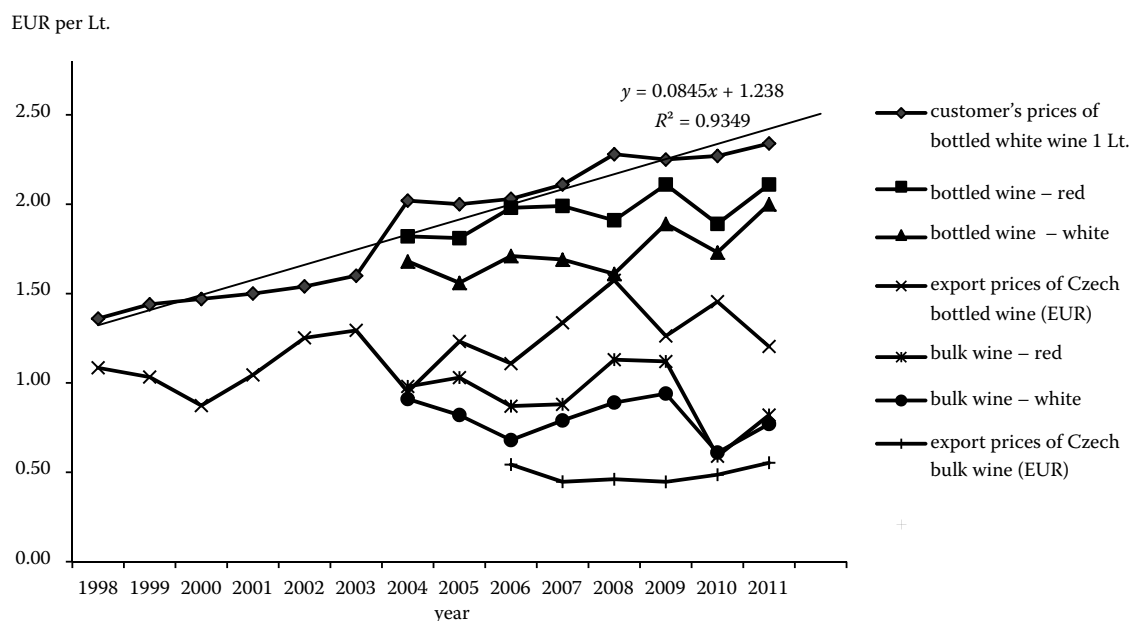


Figure 8. Development of the average year producer's prices of quality wine, consumer's prices of the bottled white wine in Slovakia and export prices of Czech bottled and bulk wine (EUR per litre)

Data of producer's prices in years 1998–2003 and export prices of Czech bulk wine in years 1998–2005 are not available

Source: Situation and Perspective Bulletin for the Commodity Wine 2012, 2009, 2006, 2003, 2000, <http://portal.statistics.sk>, own calculations

Table 2. The average year consumer's prices of bottled white wine in Slovakia (EUR per litre)

Wine	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
White wine 1 Lt.	1.36	1.44	1.47	1.5	1.54	1.6	2.02	2	2.03	2.11	2.28	2.25	2.27	2.34

Source: Situation and Perspective Bulletin for the commodity wine in the Slovakia, <http://portal.statistics.sk>, own calculations

lower than the consumer's prices of Slovak wine. The price difference is smaller in the case of the bottled red wine. However, the curve of consumer's prices shows only the consumer's prices of the white bottled quality wine, the price level of red wine is almost always higher, thus also in this case the difference in the terms of profitability would be interesting. The export prices of the Czech wine are lower too, even lower than the prices of the wine producers in Slovakia. From this point of view, the attractiveness of the wine sector in Slovakia could be assessed as high for Czech exporters.

However, if we add the producer's price of wine in the Czech Republic – in 2011, the average price for bottled quality white wine was 59.6 CZK per Lt., it is according to the average exchange rate of 2011 2.42 EUR per Lt. – and compare it with the average consumer's price for the Slovak white quality wine in 2011 (2.34 EUR per Lt. – Table 2), it is evident that it is necessary to re-assess the industry attractiveness according to the type of export.

The attractiveness of the Slovak wine sector considering profitability from the viewpoint of a Czech exporter will depend on the position of an exporter and the product range of the exported wine. In the case of the re-export of cheaper wine from other countries, the attractiveness is high; in the case of the direct export of Czech wine to Slovakia, it will depend on the product range and the selected distribution channel.

Based on the observed variables, there cannot be concluded a direct relation between the development of the Czech wine exports to Slovakia and the development of the industry profitability.

Legislation

Wine legislation in Slovakia went through many changes within the observed period 1998–2011.

From this point of view, the accession of Slovakia to the EU on the 1st of May 2004 was of the fundamental importance, because the wine legislation of the European Union came into force. Slovakia has undertaken to comply with the ban of the vineyards

expansion, the duties and quotas for wine coming from the EU were cancelled under the common organization of the market, and the common customs tariff came into force for the trade with countries outside the EU.

A new wine law came into force on the 1st of August 2009 in Slovakia; on its basis, a new labelling of wine called the Romanic manner was introduced. Instead of the existing categories (table wine, regional wine, quality wine and quality wine with special attributes), new categories were created – Wine without the appellation of origin, Wine with the protected geographical indication (CHZO wine) and Wine with the protected appellation of origin (CHOP wine). The quality wine and wine with special attributes remained only as the traditional supplementary names.

The excise duty on the still wine is 0 EUR per Lt., on the sparkling 0.7966 EUR per Lt.; the value added tax is 20%.

New possibilities to draw the wine support from the government and from the EU as well as the non-governmental organizations arose during the analyzed period.

The development of the wine legislation is comparable to the development and the current situation in the Czech Republic. The attractiveness of the Slovak wine sector in the terms of this factor is high.

The dependence of the development of the wine exports from the Czech Republic to Slovakia and the development of the legislation can be observed in connection with the accession of Slovakia to the EU. Czech exports of the bottled wine to Slovakia significantly increased since 2004. In the case of the bulk wine, it is not possible to observe any connection in relation to the development of the legislation.

Purchasing power of customers

The development of the purchasing power of Slovak customers measured by the average gross monthly wages and the unemployment rate in the monitored period can be assessed as positive in the terms of attractiveness of the Slovak wine market for the Czech wine exporters to Slovakia.

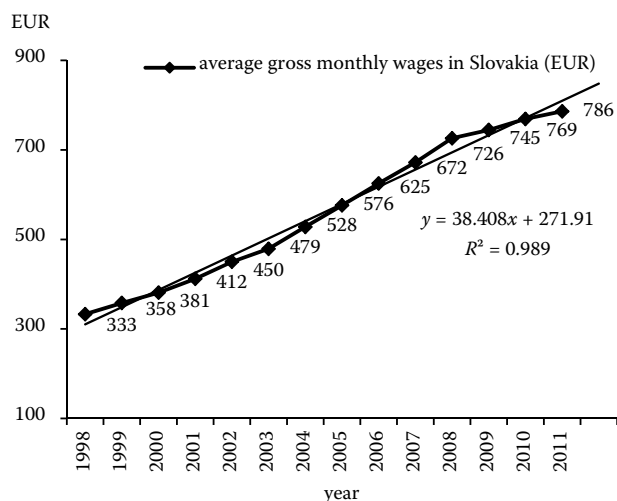


Figure 9. Development and trends of the average gross monthly wages in Slovakia, in 1998–2011 (EUR)

Source: <http://portal.statistics.sk>, own calculations

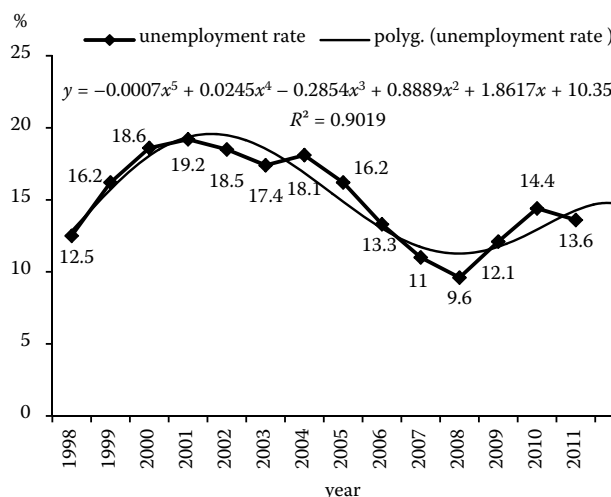


Figure 10. Development and trends of the common unemployment rate in Slovakia in 1998–2011 (%)

Source: <http://portal.statistics.sk>, own calculations

The average gross monthly wage increased in the whole period under review, the trend of its development can be described by the linear function $y = 38.40x + 271.9$, with the high reliability coefficient $R^2 = 0.989$ (Figure 9). The average annual unemployment rate declined from 2001 to 2008 to the level of 9.6%. In 2009, because of the crisis, it began to grow again and reached 14.4% in 2010, then it decreased slightly again to 13.6% in 2011 (Figure 10).

Slovak customers, however, can be divided into two groups. The first group are the customers 'price-sensitive', who prefer price over quality. It includes customers from the lower income groups who buy mainly a cheap table imported wine. According to the data of the Slovak Wine Producers Union, these wines represent almost 50% of the total domestic wine consumption in Slovakia. The second group includes the "quality-oriented" customers. They buy quality wines, both imported and produced by the local producers.

With respect to the mentioned customer's segmentation of the Slovak wine market and a very high proportion of the cheap table wine consumption in the total domestic consumption, it is necessary to assess the purchasing power of customers as an attractiveness factor also from this point of view. The situation is similar to that in the case of the industry profitability. The attractiveness of the Slovak market is high from the position of a re-exporter of cheap wines from other countries; but it will depend on the selected segment and the offered product range from the position of Czech wine exporters to Slovakia.

CONCLUSION

Wine export from the Czech Republic to Slovakia develops very progressively; all trends of the development are growing. In the analyzed period, the index 2011/1998 of wine exports to Slovakia reached the value of 66.2, the volume and value of the exported bottled and bulk wine increased. Since 2006, a negative trend of growth in the exports of wine with a lower added value can be observed, when it significantly started the growth of the bulk wine export. From almost zero values in 2005, the export of this wine increased up to 15.6 mill. Lt. in 2011.

Regarding the conclusions of Tomšík and Sedlo (2013) that the most of the exported bulk wine are mainly re-exports, and according to the achieved analysis, a need arose to assess the attractiveness of the Slovak wine market in the relation to wine export from the Czech Republic to Slovakia from two positions – from the point of view of the wine re-exporter and from the point of view of the exporter of Czech wine.

The factor of the market size and the growth potential of the market increase the attractiveness of the Slovak wine market and represent an opportunity for both groups – the re-export and the export of the Czech wine. The Slovak wine market is the market in the growth phase – the total domestic wine consumption and also the wine consumption per inhabitant are growing. The consumption per inhabitant reached 14.7 Lt. in 2011. The domestic production covered only 46% of the domestic consumption in 2011.

In the terms of the industry structure, the attractiveness of the Slovak wine market is high for the re-exporters of cheap wine. A strong domestic competition from the producers of quality varietal wines and the high concentration of the industry, when 6 largest companies produce more than 50% of the total domestic production, means a threat for the exporters of the Czech wine and negatively affects the attractiveness of the Slovak wine market for these exporters.

The level and development of the consumer's prices of wine in Slovakia is again more favourable for the re-exporters of the cheap wine from other countries. The price difference between the average Czech export's prices of the quality bottled wines and the average consumer's price for the white quality wine in Slovakia amounted to 1.14 EUR per Lt in 2011. However, the average wine producer's prices in the Czech Republic for the white quality wine was 2.42 EUR per Lt. in 2011, which is by 0.08 EUR more than the average consumer's prices of wine in Slovakia in this year. Because they are the average prices and wine belongs to the differentiated products that can be distinguished by the quality of the grapes, by the manner of production, by the brand, packaging, design and the point of sale, and thus also by the selling price, the attractiveness of the industry in the case of the direct export of Czech wine to Slovakia in the terms of the profitability factor will depend on the variety of the product range and the chosen distribution channel.

The development of the wine legislation in Slovakia is comparable to the development and the current situation in the Czech Republic, the industry attractiveness is high from the position of both evaluated groups of the Czech exporters of wine.

The purchasing power of customers in Slovakia, although a positive development, rather represents an opportunity for the re-exporters of a cheap wine from other countries, these wines account for more than 50% of the total domestic consumption in Slovakia. From the position of the exporter of Czech wine to Slovakia and in the terms of this factor, the market attractiveness will depend on the selected segment and the offered range.

The situation in the Slovak wine market is rather more convenient for the wine re-export than for the direct export of the Czech wine to Slovakia.

Based on the comparison of the state and trends of the wine exports from the Czech Republic to Slovakia and the factors of attractiveness of the Slovak wine market, no direct dependence between the exports and the development of any of the analyzed factors can be observed. A more progressive growth of wine

exports to Slovakia occurred since 2004, which can be connected with the entrance of the Czech Republic and Slovakia to the EU and therefore with the factor of legislation. Significant is also the growth of the gap between the domestic demand and the domestic supply of wine in Slovakia, which increases since 2004.

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